

THE CO-OPERATIVE JOURNAL OF OPERATOR

VICTORIA'S
CO-OPERATIVE AFFAIRS
JOURNAL OF

- INTEGRATION WORKS
- MACC SPECIAL EDITION
- THE HITCHHIKER'S GUIDE TO CHILD MOLESTING



No 13 SEPTEMBER 1986

COMING SOON

THE

NEW

OutRage.

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Editorial

This is the last edition of The Co-operator. It follows the record set by many other publications of the co-operative movement, in having a short history. The previous Co-operator, for example, was produced from 1961 to 1968.

As our first editorial said, The Co-operator aimed to consider problems and issues relevant to the emerging co-operative sector. It hoped to cover subjects as diverse as industrial democracy, occupational health and safety, affirmative action, marketing and promotion, trade union relations, taxation, co-operative development and education and to be a forum for debate. We have attempted to fulfil these aims better and better over the months.

Now however, due to changes in government support, The Co-operator can no longer be produced.

This issue covers the Ministerial Advisory Committee on Co-operation (MACC) report. We include a summary, some responses and debate. The Co-operator has documented the debate of MACC, which was set up in 1984 to consider co-operative legislation and development in this state. Though the report has now been released, the main development agency in Victoria, the Co-operative Development Program, has been dismantled and a lot of the momentum lost due to government procrastination.

The Co-operator's end is another example of the dilution of the movement's strength. Ironically, the MACC report specifically recommends that The Co-operator should be funded (p122). We await decisions and action from the government.

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Cover of *Lavoratori con Handicap in Aziende Cooperative*

THE CO-OPERATOR

VICTORIA'S JOURNAL OF CO-OPERATIVE AFFAIRS

The Co-operator is published every month by Gay Publications Co-operative Limited, 87 King William Street, Fitzroy 3065, Victoria.

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PEACE



Peace with a New Image

Peace Magazine Australia, Number 1, is the new look publication of one of Victoria's youngest co-operatives.

Peace Publications Co-operative Ltd produces the only national magazine specifically concerned with peace issues. With its new format the publishers hope to attract a wider audience. Jonathan Goodfield, Associate Editor, explains the changes. "The name *Peace Studies* confuses people. We cover peace issues in general not just the peace studies in education debate".

The new magazine incorporates "Disarmament Campaigns", a supplement put together in the Netherlands which covers peace movement news throughout the world.

Peace Publications Co-op was officially incorporated as a trading co-op in April

this year. It is, however, structured as a worker co-op. There are five worker-directors who make most of the decisions. They are backed up by members who sit on the 14 person editorial committee or the eight-person design committee.

Anthony Gosling, who works on promotions, compares the co-operative workplace to a job in the private sector. "You put more in and you get more out".

Prior to August, 1986 the co-operative had been producing *Peace Studies* magazine. This received national recognition in 1984 when it was awarded the Media Peace Prize by the United Nations Association of Australia.

Peace Studies and the people who produce it had been connected with the Victorian Association for Peace Studies (VAPS). In 1985 the two groups decided to separate and it was then that a co-operative structure was considered by the *Peace Studies* group.

The new design and name are steps to increase the visibility of the magazine

and its promotion of peace. *Peace Magazine Australia* is a 48-page A4 format publication which will come out six times a year. It mainly covers issues affecting Australia and the Pacific region. But it also includes copy from "Disarmament Campaigns", a group who has more resources than the co-op to get international news.

"Disarmament Campaigns" approached the magazine's producers about inserting the supplement, as it has with other national peace magazines throughout the world.

The co-operative's business aim is economic viability within two years through the production of high quality non-book publications. Its social aims include the fostering of debate and education about peace, war and its causes, militarism, alternative defence, nuclear disarmament and peace education.

The Peace Publications Co-operative can be contacted on 663 4548, in the RMIT-located office, or c/o GPO Box 1274L, Melbourne, Victoria 3001.

Workers Steel Themselves For Co-operation

The workers of Tomlinson Steel bought out the firm in 1985, after a financial crisis. Carlo Carli looks at the options for the future.

Over a year ago the 100-year-old heavy engineering firm Tomlinson went into a financial crisis. Its parent company, Clyde Engineering, decided to unload it and liquidate its assets.

The last heavy engineering firm in West Australia seemed like it too would be a casualty of the crisis in Australian industry.

Tomlinson seemed to be following a familiar pattern which leads to job loss and a further loss of Australian industry. However, things went differently. The assistant manager of the firm suggested to the Amalgamated Metal Workers Union (AMWU) that the firm could be saved. The union convened the workers and together they set about investigating the reasons for the demise of the firm.

The AMWU, the workers and the Western Australian management of Tomlinson had two months to organize an alternative proposal before Clyde liquidated the company.

The AMWU's first priority was to save the firm, because of its strategic importance for the mining industry, and as the last heavy engineering firm in the West. It was only when no other firm showed much interest that the issue of a worker buy-out was placed on the agenda.

After securing agreement by the 47 workers to a buy-out the firm the quest then became to secure the capital for such a buy-out. The workers agreed to put up their retrenchment pays, which amounted to \$340,000, for 25% of the cost of the buy-out. A further \$500,000 was secured from a bank loan from a Canadian bank at 12.5% and a partner was enticed in to make up the 100%. A management board was created which had two representatives from the partner and three representatives from the workers.

In August the take-over was complete. The first problem was that between October and January Clyde Engineering had allowed traditional contracts to lapse. This meant lack of work and lack of income. Soon after the takeover the shop steward from Tomlinson visited the Pilbara and spoke to mass meetings of mineworkers. Through their support Tomlinson secured contracts for all

Currently there are two options, the first being to launch a public float which would enable the workers to sell their shares. Given the success of the company it is assumed that the shares would triple in price. There would then be pressure on the workers to sell their shares and make a handsome profit. In this option the managerial structure would remain hierarchical.

The other main option was to establish a holding company controlled by the employees, which would buy the shares from workers who left the company and pay out any entitlements. This would also allow the possibility that new workers could buy shares from the holding company. In this option the managerial structure could become less hierarchical as it could be organized as a worker co-operative.

The pressure on the workers to float the company and thereby lose control is very strong. It is strong for economical reasons while the alternative for workers to control and establish a democratic management is weak. The problem is cultural; the co-operative option is not well understood and the practical experience of the workers is of hierarchical managerial structures and undemocratic decision making. There is a lack of understanding and knowledge of possible and feasible alternatives.

Tomlinson was saved from liquidation by the determination of its workers and



Workers at Tomlinson Steel

Photo courtesy AMWU

Tomlinson was renowned for its innovation and its strong union organization and, until the Clyde take-over, it had been run as a family concern. The union found that since the take-over the firm had been managed from Melbourne. It was losing money because the transfer pricing forced on it by the management meant that it sold to the eastern states for cost price or even at a loss. In fact, the firm could be doing quite well; it was just that bad management was creating a major financial loss.

repair works to heavy equipment in the Pilbara. This meant that Tomlinson now had plenty of work and a lucrative market. In the first year Tomlinson made a \$500,000 surplus and had increased its workforce to 60.

Ironically, it was success of Tomlinson that led it to its first major obstacle. Often it is assumed that workers will instantly accept and understand the call for worker control and worker democracy. After its first year the workers at Tomlinson found themselves with the decision of how to structure the firm.

the AMWU. Its fate now rests with the workers. They can either float the company, which will mean that they will eventually lose control and ownership, or they can decide to move towards a worker co-operative. It is indicative of the weakness of the co-operative ideal in Australia that the workers do not see it as the most feasible and preferred option. A co-operative might not deliver short-term gain, but it allows for worker control and works in their long-term interests.

The Hitchhiker's Guide To Child Molesting

THE CO-OPERATIVE DEVELOPMENT PROGRAM is dead. Its demise is a sad and improbable story, which tells how the inspired program of a neo-socialist Liberal minister was finally axed by a consortium consisting of a Queensland pedophile-bounty hunter, the tabloid press, a few public servants and a Labor minister backpeddling all over his party's employment and social justice platform.

When Brian Dixon established the Co-operative Development Program (CDP) in 1981, it was considered to be a pilot scheme for long-term job creation. As governments and ministers changed, its emphasis altered to one of creating new opportunities for small business and then to promoting principles of worker participation and industrial democracy.

The program's demise is attributable to various factors, bureaucratic and financial not the least, but in the end it was a political campaign that stopped the CDP in its tracks. A campaign that condemned its inability to attract conventional industries and its association with non-traditional (or, less kindly, "fringe") organizations as fatal flaws.

Certainly, the participation of businesses run by gay, feminist and environment groups became, in the end, the excuse needed by the government to signal an end to its promotion of worker co-operatives in Victoria. Ironically, some of those groups, such as Correct Line Graphics (CLG), Sybylla Co-operative Press and the Gay Publications Co-operative (GPC), have become the successful survivors of the program.

The CDP first came under concerted right-wing attack not long after the election of the Cain state Labor government. Various moral crusaders swiftly gleaned the information that the program sported participants such as a gay publishing house and a feminist printshop. What began as the rantings of a few intolerant bigots, however, was soon elevated to the level of serious public debate by the leader of the Victorian Liberal Party, Hon Jeff Kennett MLA.

Early in June 1984, the Melbourne Herald began its campaign to re-elect the Liberal Party with a major feature titled "Left-Wing Darlings Allocated Job Funds". Conveniently glossing over the differences between the CDP program and the altogether separate CEP (Community Employment Program), a federal government job creation program, the article quoted "opposition sources" as saying that the state government had given "thousands of dollars of taxpayers' money to homosexual, feminist and Left-wing groups". Kennett was quoted as saying that the allocation of funds represented a

"colossal rip-off" of Victorian taxpayers. The state National Party leader, Peter Ross-Edwards, described the act as "scandalous" and accused the government of spending money on "the darlings of the Socialist Left".

Two of the co-operatives named in the article immediately issued press releases pointing out that they had received CDP funding and not, as mistakenly reported, CEP funding, and that this program was in fact an initiative of the previous Liberal government. All three Melbourne daily newspapers published this clarifying response while the Melbourne Times cynically observed in its editorial that "Old bogies die hard at the top of Flinders St. So does the Herald's habit of giving the Liberal Party a free run along the inside rail".

That should have been the end of the matter. But, the media's imagination having been caught, the attacks against the CDP and the funded co-ops, in particular GPC, were to continue with vigor.

The Age's Michael Barnard, using figures supplied by B A Santamaria's News Weekly, began the onslaught with a comprehensive denunciation of the right of homosexuals to exist. Suburban papers such as the Moorabbin Standard, the Ringwood Mail and the Southern Peninsular Gazette carried angry denunciations by local sitting Liberal members or endorsed hopefuls. These denunciations were orchestrated by the media resource unit of the Liberal party, which considerably made available to GPC a copy of the press prompts sent to their candidates.

The co-operatives under attack decided after their initial response to make no further public statements in the hope that the short attention span of the press would guarantee the issue would die a quick death. In early September, however, a new spate of attacks by Kennett and Ross-Edwards, echoed by various party candidates, demonstrated that campaign strategists had determined that there was still good mileage to be extracted from the issue. A National Party MP, Pat McNamara, succinctly referred to the government's "poofster funding".

Throughout this period, the Ministry of Employment and Training, to the credit of its officers, indicated staunch support

for GPC. The then-minister, Hon Jim Simmonds MLA, responded to questioning on the subject on commercial radio by explaining that his department "did not inquire into the bedroom preferences of applicants" when determining funding eligibility, and that there the matter should have stopped.

And so it did, more or less, until the early months of 1986, when another pending election, this time in Queensland, saw the hoary old chains dragged out for another rattle.

When, in February this year, the Queensland Director of Public Prosecution, Des Sturgess, released his *Inquiry Into Sexual Offences Involving Children*, he should have printed in big, bold letters on the cover of his misguided report, "PANIC".

The Sturgess Report purports to be an investigation into the sexual abuse of children and contains recommendations for correcting such abuse. While no one could dispute such worthy intentions, the report is, in reality, a highly political document. It may not be, like the *Hitchhiker's Guide to the Galaxy*, apocryphal, but, like that fabled volume, it contains a great deal which is irrelevant, a great deal which is unproven, and a great deal which is simply wrong and very damaging.

Not coincidentally, the report echoes the morality themes promoted by the Bjelke-Petersen Government. These suggest that there has been a general breakdown of "traditional family values" and that this has led to the cancerous growth of what is disparagingly euphemized as "modern society". "Sexual licence" is, naturally, the means to our degenerative end.

Woven into this fundamentalist doctrine, Sturgess adds his own blend of generally misunderstood anthropology, sociology and psychology to create a vista of child pornography as Australia's most successful sunrise industry. Also, despite his own clear differentiation of the two, he constantly muddies the waters between homosexuality and pedophilia.

Apart from the inevitable witch hunt or two that documents such as this invariably inspire until public attention is distracted elsewhere, Sturgess achieved one or two quite unexpected victories.

In the introduction to his report, Sturges refers to the Melbourne-based gay news-magazine *OutRage*, published by GPC, and hints darkly at its participation in the Victorian Government's Co-operative Development Program.

Naturally, no government would want such a well-intentioned program to be misused by unscrupulous entrepreneurs involved in criminal actions. It is therefore enlightening to consider the specific allegations levelled by Sturges and the Victorian Government's response.

In the course of his 157-page document, Sturges refers to *OutRage* and its publishers on five occasions, all of them in the first seven pages. In the first instance, he relates sending his assistant to a bookshop to buy any three publications "emphasising the sexual theme". *OutRage* caught the discerning assistant's eye.

His second reference describes *OutRage* as "the main Victorian homosexual magazine" (which, undoubtedly, it is) and his third reprints two of the advertisements from *OutRage*'s personal classified section. One relates to a 31-year-old bisexual wanting to meet men between the ages of 18-33. The other was a request from a 33 year old man soliciting fantasy phone calls. Not exactly illegal, even by Queensland standards.

The fourth reference lists various products advertised in *OutRage* including a "male sauna, an apparatus for masturbation, an 'adjustable studded cock-ring', a 'male douche' and a 'masturbatory tube' ". Irrespective of his obvious fascination with the exotic, even Sturges would be hard-pressed explaining the intrinsic link between a masturbatory tube and child molestation. What he does reveal is his distaste for homosexuality and any of its manifestations, despite their specific relevance to adult males.

The most unforgivable sin committed by *OutRage*, however, is revealed in the final Sturges statement that the publisher has "received substantial grants from the Victorian government".

And now we see the real crime unfolded. It has nothing to do with child protection or pornography (*OutRage* is sold unrestricted at newsagents throughout Australia). It is the hoary old crime of "wasting taxpayers' money". This despite the fact that the gay community in Australia carry a good 10% of the tax burden yet received nothing in return until AIDS forced open the purse strings of alarmed public health officials.

Still, all this is hardly surprising from a public prosecutor who launched the fiasco that was the Queensland abortion clinic raids. Not the sort of thinking that could prevail among the more enlightened Labor states with their



Red Riding Hood. Thomas Hood, *Fairy Realm*, 1865

commitment to minority rights and social reforms, is it? Oh no!

On the day Sturges released his report, the Melbourne Herald carried a story suggesting that the Victorian National Party had demanded information from the Government "about alleged State Government funding of a homosexual magazine linked in an inquiry with a Queensland child pornography ring".

In response, the new Minister for Employment and Industrial Affairs, Hon Steve Crabb MLA, issued a statement denying that his department had funded *OutRage*, despite his access to files which clearly indicated the opposite. "The Government has not given any money to fund a magazine about deviant sexual practices", Crabb said. Soon after, the CDP was disbanded, leaving several groups which had received only part of the funds they were eligible for high and dry.

Of course, the government will deny that the termination of the CDP was in any way connected to this campaign of fulminating prejudice. Yet even among the denials, one hears the occasional muffled admission that the program was an economic failure. One senior minister, professing a commitment to worker co-operation publicly labelled it a "rot".

And yet by the very economic criteria that such a program should be measured, the CDP was anything but a failure. Gay Publications Co-operative alone now generates an annual payroll almost three times the sum of all grants and loans it received. Its turnover for 1986-87 will almost match the entire outlay of the CDP during its peak year of

operation. By any standards, the CDP should go down as the best value for money job creation initiative ever implemented by government for small business.

And the irony is that, had the Labor government had its wits about it, it could have proudly exhibited this result in its meagre display cabinet of employment achievements. Instead, it adopted the now familiar tactic of posturing defensively and caving in to pressure from the right.

It has become a hallmark of Labor governments Australia-wide that if you accuse them with sufficient frequency, they will eventually plead guilty whatever the charge. Whether it be the international monetary market or the rantings of fundamentalist Christians, the credo appears to have become "the opposition is always right".

The initial condemnation of *OutRage* by innuendo and smear was classic McCarthyism, although not unexpected in Queensland politics. But a Labor government, confident of its policies and clear about its directions, would not have succumbed to the bait. That Crabb chose to cave in to opposition and media pressure, thereby endorsing the anti-gay policies of the Nationals in preference to his own party's equal opportunity position, undoubtedly caused dismay to thousands of Victorian homosexuals. It should also cause a few shivers for other community groups who do not enjoy the respect and affection of the Queensland National Party. After all, who runs this state?

Danny Vadasz

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Worker Co-operative Education And Training in 1986

There are some exciting new developments in worker co-operative education and training taking place at Preston TAFE's Small Business Centre.

A substantially revised Worker Co-operative New Enterprise Program is being piloted with a group of professional dancers who are setting up a worker co-operative. Their Dance Movement Studio is offering a range of dance and movement classes. The course has been tailored to suit the needs of the dance group by being run in the evenings once a week over a six-month period.

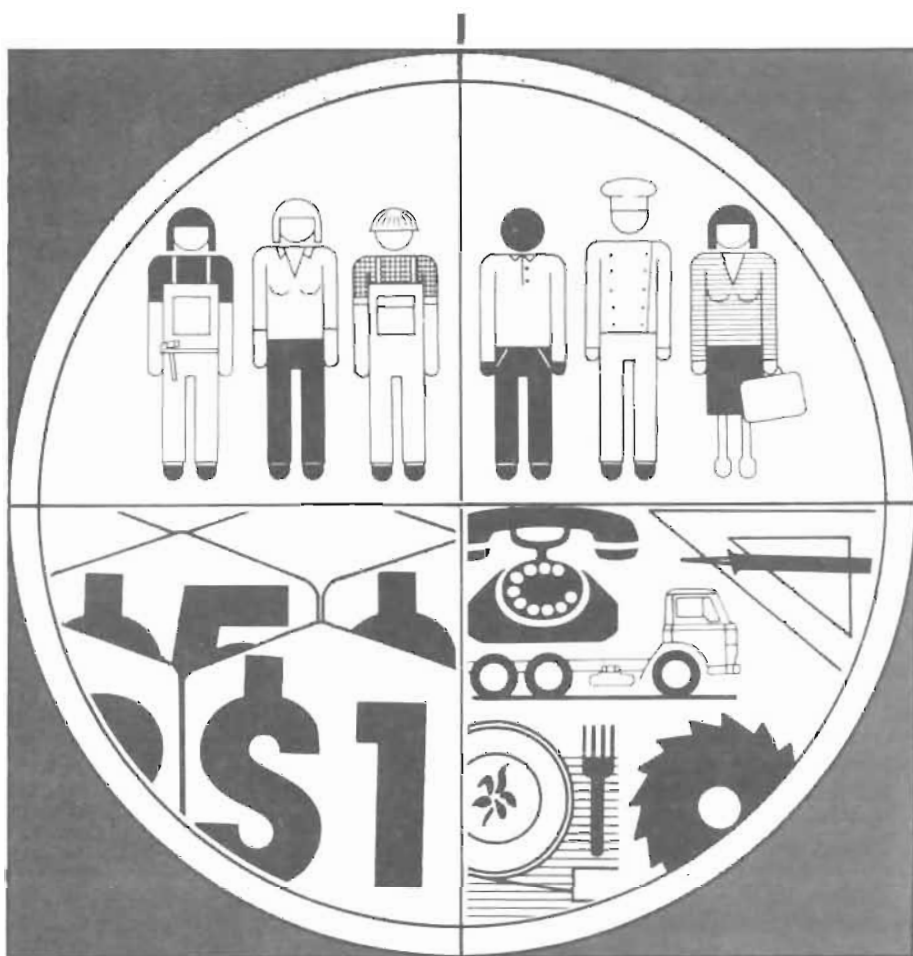
The course currently being offered represents both the experience gained by Preston TAFE over recent years and the fruits of a research project undertaken by Brian Greer during 1986 which was funded by the federal Office of Youth Affairs. In addition to sessions on Marketing, Finance and the Production of Product/Service, the course now includes 18 sessions on worker co-operative organization. The topics covered by these new sessions are

1. Worker Co-operative Philosophy.
2. Democratic Group Processes.
3. Worker Co-operative Organization Structures.
4. Employment and Employee Issues.
5. Financial Relationships of Members in Worker Co-operatives.

At the end of the course the Dance Group will produce an Enterprise Plan, which will comprise a Business Plan setting out its marketing strategies, financial projections and studio operation plans, and also a Policy and Procedures Manual which will record the co-operative's past, present and future policy decisions.

The course draws upon the wealth of expertise in existing worker co-operatives, using members to lead group discussions. The course is funded by the Department of Labour's Co-operative Development Program and is overseen by an Education and Training Committee whose membership includes Worker Co-operative Association representatives.

Preston TAFE is also currently organizing a seminar for existing worker



co-operatives on sources of finance for small business. Another Introductory Seminar to Worker Co-operatives will be run shortly. Enquiries about these seminars can be made to Brian Greer on 480 5166.

Unfortunately all these courses/seminars are in jeopardy as a result of

the closing down of the Co-operative Development Program. The continued development and availability of courses in 1987 will depend on the state government acting on the recommendations of the Ministerial Advisory Committee on Co-operatives.

Arts Co-Operative Study

The Victorian Ministry for the Arts has commissioned a study to determine how co-operative structures could apply to arts organizations. The research project aims to develop both a worker co-operative and a marketing co-operative model that would be suitable for arts activities. The study encompasses both the non-performing arts — visual, craft and literature — and the performing arts such as theatre.

Brian Greer, a co-operative development consultant, is undertaking the research

and the project is being managed by Preston TAFE's Small Business Centre.

Co-operatives could provide artists with the vehicle to establish, and run democratically, organizations designed to suit their particular needs. Co-operatives could provide the government with the opportunity to direct funding towards the development of arts organizations, for example through loans, and co-operative management education and training.

One application under examination is from a group of actors, writers and technicians who wish to form and run a theatre as a worker co-operative. The marketing co-operative model being developed could apply to groups of actors, visual artists or craftspeople who wish to market their wares.

Because subsidies and grants are often involved in the arts, the concept of viability, which is an essential ingredient of co-operatives, is under close scrutiny.

A small committee is providing advice to the consultant who expects to complete the work in November this year.

The Co-operative Way: Victoria's Third Sector — A Summary

THIS article summarizes the major arguments and recommendations of the Ministerial Advisory Committee on Co-operation (MACC), primarily through direct quotes. Numbers in brackets refer to the pages in the report.

1. The Potential

Co-operatives provide the basis for an alternative to conventional social and economic institutions. (2)

Co-operatives are not just another form of small business or just another way of organizing finance. (61)

Co-operatives are different — working together rather than competing against each other. They are the means for participating in economic decisions — sharing more fairly the fruits of profit and power. (22)

Co-operatives provide the great bulk of the population with the opportunity and incentive to gain an understanding of the elementary facts of economic life. (27)

Co-operative development potential is identified as relevant to the Government's economic and social justice strategies.

1.1 Economic Strategy

Co-operatives could be an important part of Victoria's economic base. This will require the development of specific strategies for co-operative sectors in the context of the government's Economic Strategy. (66)

The government has pledged its continuing support for the establishment of worker co-operatives — subject to their capacity to achieve economic viability, their commitment to co-operative principles and industrial democracy and their meeting award wages and conditions. (66) Conversion or transformation of existing businesses to worker co-operatives offers desirable alternatives to self-employment or take-over by large corporations. (54)

There are historical links between trade unions and co-operatives. Worker co-operatives in particular have a common interest in maintaining award wages and conditions. (116-117)

One fifth of Australia's rural output is produced by Victoria. Co-operatives play an important part and could be a viable alternative to the agribusiness firms which are making a heavy impact by forcing farmers to accept less for their produce as these giant firms increasingly monopolize agricultural markets. (47)

1.2 Social Justice

The social justice statement specifically recognises the potential of co-operatives to empower individuals and groups and

to ensure that programs and services are more responsive and participatory. (68)

In recent years there has been increasing interest in the development of co-operatives for those who have physical and/or intellectual disabilities. (58)

The co-operative principles of open membership, democratic control and co-operative education provide a natural basis for the realization of equal opportunity. (95)

The dominance of co-operatives in the Victorian Aboriginal community relates both to past government regulation and their suitability for adaptation to fit within the traditional, non-hierarchical forms of Aboriginal society. (51)

Democratically-managed, parent run child-care centres ideally fall within the co-operative model. (50)

2. The Present

A brief examination of the co-operative movement in Victoria reveals a wide disparity across the various sectors in membership strength, asset backing, financial success and co-operative practice. (43)

The traditional rural base of the co-operative movement is strong but static. (62)

Few co-operative sectors have attempted to co-ordinate their activities by setting up associations. (44)

Victoria's co-operative movement is currently declining in numbers due to rationalization — although membership, assets and business done is increasing. (44)

Much of Victoria's co-operative movement can still be considered as being in a formative stage. (64)

Financial deregulation has led to a rationalization of credit co-operatives. (48)

The co-operative movement in Victoria is in need of revitalization. (62)

This revitalization hinges on government attitudes. (63)

The Victorian Government has played a critical role in developing food (52 and 122-123), worker (53 and 120-122) and housing (56-57 and 124-125) co-operatives. Generally, however, government legislation and policies inadvertently discriminate against co-operatives. (67)

2.1 Legislation.

The existing legislation framework has failed to establish a clear and distinct identity for the co-operative sector. It lacks sufficient expression and support for co-operative principles and is excessive in its specific requirements. (85) The Act does not cover all co-operatives. (85)

The Co-operation Act 1981 should be repealed in its entirety. (86)

2.2 Financing.

Co-operatives are notoriously under capitalized. (105) The majority of co-operatives in Victoria are small and community-based with a low asset backing. (43)

Probably the most contentious issue in co-operative development is finance and the role of capital. (105) The traditional strategy for capital formation tends to be based on the initial level of equity requirements from members or shareholders. (105) The extent of ownership in a business is normally regarded by financiers as a measure of the commitment of the owners. (105)

Equating equity to commitment assumes that money is a unique and dominant incentive for the establishment and development of co-operatives. There are different bases for motivation and, indeed, the rationale for co-operation is service rather than profit. (105)

Traditional financial institutions have shown little interest in the development of co-operatives. (107) Few credit co-operatives have shown interest in becoming the financing arm of the co-operative movement. (112)

2.3 Education.

Only one in four members of co-operatives took part in education and training programs of any kind in Victoria during 1984. There is a general unavailability of suitable trainers, courses and programs and a lack of co-operative education and training bodies. (100)

A survey of 50 food co-operatives around the state found that the majority needed training in management, organization and planning if they were to survive as businesses. (52)

The co-operative principle most widely ignored in Victoria concerns the need to educate co-operative members, their



staff and the public in the principles and practice of co-operation. (99)

3. Co-operative Practice.

A definition of co-operation and a rewriting of the principles of co-operation are prerequisites for co-operative development. The following definition should be included in the Act: A co-operative is a group of people who voluntarily come together on a basis of equality, self help and mutual aid, with the purpose of jointly promoting their socio-economic well-being in a democratic manner, while adhering to the six principles of co-operation incorporated within the Act. (91) Four of the principles have been rewritten to clarify their practice:

1. *Open membership.* This should specify the responsibilities of membership "as set out in the rules".
2. *Democratic control.* This should specify the "ongoing and participative" nature of democracy as "agreed by members and accountable to them".
3. *Limited interest on share capital.* This should emphasize capital as serving a "co-operative's activities" rather than "individual return".

4. *Co-operation between co-operatives.* This should emphasize "mutual support" which is "demonstrated on a practical level".

5. *Equitable distribution of surplus.* This should specify that "transactions are the member's dealings with the co-operative". (92)

Rules of co-operatives should substantially comply with these principles. (92) Between and within co-operative sectors there should be freedom of choice and practice. There is no single correct or incorrect co-operative practice, but simply a number of equally valid practices. (94) In practical terms, this means:

1. Maintaining one person one vote.
2. Specifying the rights of members.
3. Protecting the rights of minorities.
4. Diverse forms of management.
5. The removal of non-active members.
6. Education and training.
7. Protecting the reserves level.

3.1 Maintaining one person one vote.

The fundamental difference between a co-operative and other forms of organization should be a co-operative commitment to a democratic structure of

one vote per person, regardless of the size of a person's shareholding. (88)

Community housing co-operatives are being developed by the federal and Victorian governments. (57)

3.2 Specifying the rights of members.

Co-operatives should spell out the rights and responsibilities of their members in their rules eg the right to participation and information, a clear disputes-resolving procedure, detailing how membership controls officers (94), surplus and residual distribution (95), equal-opportunity policies and practices (95) and minimum and maximum shareholding. (111)

3.3 Protecting the rights of minorities.

Minorities in co-operatives may need to call on independent arbitration where there is an internal dispute. A minority could be as low as one. Internal resolution of disputes is, however, consistent with co-operative democracy and autonomy and the initial onus should be on the co-operative itself to resolve complaints. (94)

3.4 Diverse forms of management.

It is the prerogative of co-operatives to determine their management structure — board, committee or collective. (93) Co-operatives should be able to make their own arrangements as far as internal organization of the co-operative is concerned. (93)

3.5 The removal of non-active members.

Legislation needs to provide for the removal of non-active members of a co-operative to prevent control transferring to persons who are not directly involved in its operations. (97) This should be automatic in worker co-operatives and voluntary in others. (97)

3.6 Education and training.

Education and training is important for the success of co-operatives. (99)

3.7 Protecting the reserves level.

There is a need for co-operatives to build-up reserves to ensure they are not undercapitalized. (96 and 112) An increased or proportion of surplus should be allocated to reserves or a contingency fund. (112)

4. Appropriate development.

There needs to be a bottom-up approach to co-operative development. (71) Co-operative development must be appropriate — consistent with co-operative philosophy, principles and practices. This requires appropriate legislation, financing mechanisms and education and training. Co-operative specific training, business and financial assistance mechanisms are critical. (71)

The Small Business Development

Corporation should not be responsible for co-operative development nor seek to take on that role. (71)

Encouraging co-operative development through co-operative sector associations is the model best suited to meeting the diverse needs of Victoria's co-operative movement. The co-operative sectors vary in their interpretation and application of co-operative philosophy and principles. Their objectives, structures and activities are different enough to justify structures for co-operative development being based on these differences. (71)

Co-operative sector associations would represent, promote, co-ordinate and encourage co-operative development within their sectors. Development agencies proposed for co-operative sectors should be managed by sector associations. (80)

The government and co-operative relationship must be based on government support being consistent with its own priorities and programs, maintaining co-operative autonomy and democratic managements, co-operatives accepting responsibility and being accountable for government support and government support being consistent with co-operative principles and practice. (64)

Established co-operative sectors do not have a common interest with trade unions. (116) Worker co-operatives and trade unions, however, have common interests. (117) A working party should be established between worker co-operatives and the Victorian Trades Hall Council. Worker co-operatives will need to maintain and expand union membership and to protect and improve working conditions. (118)

The government should establish a Victorian Co-operatives Council and an Office of Co-operatives.

The Victorian Co-operatives Council would be an effective forum and focal point for co-operative development. (75) The Council would develop a long-term strategic perspective on co-operative development, and balance the interests of the various sectors to provide a broad movement overview. (81) The majority of members would be direct representatives from co-operative sector associations. (82)

The Office of Co-operatives would co-ordinate all government development of emerging and existing co-operatives. (83)

4.1 Appropriate legislation.

A new Co-operation Act should (a) promote co-operative philosophy, principles and practices (b) protect the interests of co-operative members and (c) protect the interests of the public. (87)

While legislation does not make co-operation and co-operators, it could define and protect co-operative philosophy, principles and practices

within it. There is a direct relationship between co-operative legislation and the structure and character of co-operatives. (86)

This new Act should be deregulatory, allowing for diversity in sector practice and substantial compliance with the six principles of co-operation included within the new Act. (86) Legislation should encourage self-management in the co-operative sectors. Self-management is not the absence of constraint and regulation and it does not override the interests of co-operative members and the public. (88)

Legislative provisions should ensure that organizations incorporated under the Act continue to adhere to co-operative principles and practices. (81)

4.2 Appropriate Financing.

In meeting their financing needs, co-operatives should be encouraged to be self-funding as far as possible by means of member equity, greater retention of capital and increasing reserves. (106)

Credit co-operatives should be encouraged to become finance brokers for the co-operative movement. (107) Government funding could be directed through credit co-operatives. (113)

Surplus and residual assets distribution should be determined in the rules of co-operatives. (95) No distribution of surplus to members should be allowed until an agreed minimum level of reserves has been accrued. (112) Co-operatives principally developed by government funding should not be permitted to make any surplus distribution to individual members. (96) In order to avoid asset stripping, bonus shares need to be issued in proportion to members' transactions with the co-operative. (95)

In the short term grant funding will be required to stimulate the development of co-operative sector associations. (65) and education and training — a Co-operative Education and Training Authority (\$100,000), co-operative sector association education committees (\$45,000 each) and curriculum development. (104)

Recurrent government expenditure may be necessary to maintain a properly functioning infrastructure for the co-operative movement. (69) Seeding grants need to be readily available through specified sector associations to help newly formed co-operatives. (70) Grants should be available to pre-co-operative groups so they can have access to resources and educational facilities and for research projects. (70)

Government grants will be a necessary component of financial packages for worker co-operatives. (70)

The expansion of the government guarantee scheme for co-operatives could prove one of the greatest boosts to their development on a wider basis. (110)

Provision of venture capital and

wholesale loans require special treatment — a wholesale financing facility for the co-operative movement. (114)

4.3 Appropriate education.

The importance of co-operative education and training in the development of a successful co-operative movement should be fully recognised and given high priority. (101)

Different types of co-operatives should receive co-operative education and training targeted to their individual needs. (102) Education and training should be available at a local and regional level. (101)

Each co-operative sector should establish an education and training committee. (103) These committees will control a Co-operative Education and Training Authority. (103)

5. Building on the present.

Existing government initiatives are acknowledged and the following transitional arrangements recommended:

5.1 Food Co-operatives.

The current level of funding in real terms should be maintained for the Victorian Food Co-operative Study Group. The VFCSG should be commissioned to develop guidelines and a budget for the funding of individual food co-operatives. (123) The proposed warehouse and development centre for food co-operatives should be funded from the Anti-Poverty budget. (124)

5.2 Worker Co-operatives.

Funding of worker co-operatives should be maintained at its current level of \$1.4 million. (122) A Worker Co-operative Development Agency should be Auspiced and transferred as soon as possible to the Worker Co-operative Association. (122)

5.3 Co-operative education and training.

The development of worker co-operative education and training by Preston TAFE should continue in conjunction with worker co-operatives over the next 12 months at the current level of \$100,000. (122)

5.4 Common equity rental co-operatives.

The Treasurer should extend government guarantees to cover loans raised by the Common Equity Housing Finance Ltd, and agree to the removal of land tax, gift duty and stamp duty on property purchased. (125)

In addition, the Victorian Co-operatives Council and the Office of Co-operatives should be established as soon as possible. (120)

•David Griffiths
July 1986

A Co-operative Way For Worker Enterprises?

Jim Asker

The report of the Ministerial Advisory Committee on Co-operation (MACC) has at last been released for public comment by the new minister responsible for the co-operative registry, the Attorney-General, Jim Kennan. The worker co-operatives have, through the Worker Co-operative Working Party, consistently and unreservedly contributed to the report. This doesn't mean that all the arguments and recommendations of the report necessarily reflect the views and interests of the worker co-operatives.

Over the period of the MACC, the worker co-operatives have seen a withdrawal by the government of even the low levels of state support that had been developed over the previous four years: the Co-operative Development Programme (CDP) has been wound down and assistance to worker co-operatives in education and training has been tailed off. Yet this is in spite of and contrary to the report's recommendations.

Little wonder that co-operatives feel it necessary to consider why the positions developed in the report appear to run against the present directions of the government.

The essential elements which should be adopted can be summarized as the replacement of the present *Co-operation Act* with a statute that provides for co-operative enterprises which are collectively owned and controlled by their employees; the creation of a development agency that is organized in accordance with co-operative principles and whose object is the development of a sound worker co-operative sector, through appropriate forms of financing for each co-operative enterprise; and the provision of suitable education and training and access to advice and information in business and economic matters.

Unless the report is taken up in such a way as to guarantee the implementation of the above points, worker co-operatives must regard the MACC process as having been a failure.

The strength of the report is that its recommendations, if adopted, will create the framework for the development of a movement of democratically-controlled, employee-owned co-operative enterprises.

The weakness of the report is that it does not explain sufficiently why such a

movement is important for Victoria.

The report now risks being seen as irrelevant to Victoria's future economic and social development. Consequently the co-operative movement may be relegated to a minor part of the private sector - its administration integrated with private sector administration and policy subordinated to private sector policy. Should this occur, the chance of appropriate policy being developed by government at the state level is minimal and an opportunity for improving economic and social life in Victoria missed.

The ideology of deregulation and the new entrepreneurialism is that the speed and unpredictable nature of technological, and hence economic, change had led to governments to make the market place the arbiter of change. As such, it is but one response to change, and others must also be pursued.

The development of the worker co-operative sector offers a number of potentialities which the government must consider. Some of these are:

a. Worker co-operatives allow for democratic workplaces



b. Worker co-operatives offer an alternative to takeover

c. Worker co-operatives are part of a wider movement, with new export opportunities

d. A reduction in unemployment.

Because of their democratic nature, worker co-operatives always adopt redundancy as a last option.

For these and other reasons, worker co-operative development must be seen by Government as a point of its economic and social strategy for a better Victoria.

Jim Asker has worked as the MACC funded worker for worker co-operatives and has been a member of the Brunswick Italo-Australian Employment Co-operative.

Worker Co-operatives And Trade Unions

Patricia Caswell

When Victorian unionists think of co-operatives they seldom assume active union participation. And they remain sceptical of co-operatives' ability to meet their own principles of maintenance of award/industry practices for wages and conditions, understanding and observance of demarcation practices, trade union membership of all workers involved, trade union representation on all relevant decision-making bodies. They are also sceptical of the effects of worker participation in management and ownership and the effectiveness of worker co-operation in industry modernization and development.

There are very constructive possibilities for the development of a significant worker co-operative sector in Victoria and in Australia. Successful and creative models do exist elsewhere. In Italy trade unions, politics and "co-operation" stand proudly together as part of history and the economy. But it must be remembered that Australia has no such substantial history and nor are there significant links between the unions and the tiny worker co-operative sector.

As the MACC report now stands, there is little to allay the fears of trade unions that the very fabric of unionism and award wages would be threatened by worker co-operation if it were to expand into an important movement without certain conditions.

Certainly, the brief section on trade unions (5.6) tables some trade unions concerns, and the terms of reference list the right of workers to industrial and economic democracy, but there is no developed approach which integrates trade unions, labor market regulation and the award system in the framework of the discussion.

Within the present economic climate and the New Right's overt and active union-busting policies, questions surrounding workers and their rights as unionists must be openly and directly addressed and integrated in the whole approach if the co-operative sector is to be taken seriously.

So far unions have remained remote and dismissive of opportunities that "co-operation" may offer for constructive worker engagement in Victoria's economy and culture. The historical predominance of non-worker co-operatives in Australia has done little to encourage unions to become involved. The continuing failure of the debate to focus on union concerns, except in a

marginal way, means it is still very difficult to drum up union interest, support or active participation.

This may change if success stories of particular co-operatives in economic and industrial terms were made evident.

We need a two-pronged approach. Firstly, the framework of the debate needs to be changed to place the history of trade unions and worker rights in their proper place in Australian economic industrial and human rights history. Trade unions remain imperative for the future of a democratic Australian culture and economy. This includes unionization of any worker co-operative sector.

Secondly, local, potentially-successful models of worker co-operatives integrating union involvement should be pursued to point to possible resolutions of the difficult relationships between the principles of worker co-operative organization and trade unionism.

A willing active partnership between trade unions and co-operators may then emerge. Without a changed frame of reference and some success stories, it is difficult to imagine that Victorian trade unions will take much interest in the debate or its practical conclusions. The recommendation relating to the involvement of the Trades Hall is positive, but hardly goes to the heart of the matters that concern unions. Real evidence on the ground is what will really count.

Patricia Caswell is an Industrial Officer with the Victorian Trades Hall Council.

Process and Contradictions

Trish Luker

It is now well over two years since the inception of the Ministerial Advisory Committee on Co-operation (MACC) in February 1984. This process involved initial consultation with many sectors of the co-operative movement on questions in the committee's terms of reference; that is, policy relating to co-operative legislation and development. The subsequent process involved protracted discussion and deliberation between individual appointed members of the committee, holding diverse viewpoints and ideologies, in their attempt to formulate a relevant and cohesive set of recommendations to the minister. Given this, it is surprising to find that the resulting report, although limited in its terms of reference (organizational, legislative, and administrative), is generally theoretically laudable. It is to be hoped that the government's consideration of it will result in implementation of administrative and resourcing activities.

In reality, however, any existing government support, particularly for the emerging sector of worker and food co-

operatives, has over the past two years been gradually eroded.

The MACC process appears to have operated almost in a vacuum, divorced from the overriding political climate. Co-operatives themselves have been drawn into bureaucratic battles in attempts to maintain support for their sectors. In making decisions to end support to co-operatives, the government has pre-empted the advice of its own appointed committee.

While initially MACC appeared to be a promisingly consultative process, it then



bypassed many members of the co-operative movement by becoming unnecessarily internally focused and ignoring the realities of government actions. Unless dramatic changes occur in the government's attitude towards co-operatives in the near future, it risks having wasted its money on an exercise in rhetoric.

Co-operators remain hopeful (with due cynicism) that in receiving this final report, the government will see the clear relevance of the development of a strong third sector to its own stated policies and will act quickly to enact the MACC recommendations. In particular, for worker and food co-operatives, it is essential that new legislation be drafted, that long-term support arrangements be made and that finance be made available for the establishment of new ventures.

Trish Luker has been working within the co-operative movement for the past three years, in particular with the Victorian Food Co-operative Study Group (VFCSG), and currently works at the worker co-operative Sybylla Press and Publications.

Read It And Respond!

Gib Wettenhall

Although the MACC Report is the first comprehensive attempt to look at the Victorian co-operative movement as a whole and set a future direction, the Victorian Government's Media Unit considered the report as being of too little importance to even hold a ministerial media launch. Unfortunately the Media Unit's lacklustre attitude towards co-operatives is mirrored at the government level.

The MACC report emphasizes that it is important for the co-operative movement to gain government support and recognition if we want to end our current fragmentation and improve our almost invisible public profile.

The co-operative movement must make a concerted effort to respond to the report during the public comment period. Whether you love it or hate it, the MACC Report is packaged and presented in such a way that it lifts the profile of the co-operative movement.

It provides a focal point for the co-operative movement to shout out loud and clear that it wants the government to act as a catalyst so that we can write and work together co-operatively to build a third sector of the economy. A democratically-based sector, which enables consumers, workers and producers to effect a measure of control over products they consume, their workplace and how goods are marketed.

The MACC Report provides one blueprint for how the co-operative movement could unite and spread to all parts of the economy. No-one would suggest it is the only way, or that there was not room for improvement.

The MACC did consult extensively with the diverse sectors of the co-operative movement. Its final report went through six drafts over as many months in an attempt to reach a compromise between the "radicals" and the "rurals".

As a result the report represents a middle way. While insisting that co-operatives should return to their philosophical origins, the report argues for greater flexibility in management practice. While seeking to impose a framework for the co-ordination of the co-operative movement, it states strongly that each sector should have the autonomy to set its own policies.

Read the MACC Report. You might like it. Even if you don't like it, put in a response - unless you want the co-operative movement to stay just like it is.

Gib Wettenhall has worked for the Ministry of Housing, is editor of the MACC report and has been in the Common Equity Rental Housing Co-operative movement.

Beyond the Rainbow: The Economic Potential of Co-operatives

Joe Burke and David Griffiths

RAINBOWS AND RHETORIC characterize the MACC Report. Our contributors pep up the debate by presenting an ideological view of co-operation and an analysis of its potential role in Australia.

In assessing the potential to develop co-operatives, a number of commonsense lessons have already been learned from Victoria's Co-operative Development Program (CDP) at the former Ministry of Employment and Training, and from the more extensive and ongoing program in NSW.

a. It is easy legally to convert a company into a co-operative but it is hard to develop co-operative philosophy, principles and practice beyond the sentiment of co-operating together to maintain and create jobs.

b. Actual or potential economic viability is the prerequisite for converting a company into a co-operative. Workers should not be persuaded to invest their savings and superannuation funds in economically failing enterprises — enterprises that will fail as co-operatives rather than companies.

c. The co-operative sectors are different. The differences are reflected and reinforced in co-operative philosophy, principles and practice. The traditional co-operative movement in Australia has a limited experience of worker co-operatives and, therefore, cannot be relied upon to understand their specific structural and developmental requirements.

d. The development of co-operatives depends on co-operative intermediary organisations such as the Worker Co-operative Development Agency in NSW, whose role is to articulate and defend co-operative philosophy, principles and practice. Small business agencies do not recognise or accept the differences between co-operatives and companies. Counselling and assistance provided by these agencies is likely to be inappropriate — unsympathetic to co-operation and democracy.

e. Co-operatives should adopt a policy

of unionization. Unless co-operatives are fully unionized, they are likely to continue or develop anti-union policies and practices such as under-award wages and working conditions, sub-contracting and privatization of existing public sector activities.

f. Ownership and control in co-operatives and companies are qualitatively different. Converting a company into a co-operative will not succeed unless the workers understand their different role as owners-managers.

Before these lessons are applied, what remains to be developed is an economic



analysis — an integrated analysis of the economic issues confronting the Australian economy and society such as currency speculation, low and variable levels of investment, continuing high levels of unemployment, the under-utilization of the innovative potential of employed and unemployed workers and the ideological and organizational offensive against trade unions.

The prerequisite for analysing these issues is a clear ideological view of co-operative development in the context of a socialist critique of the Australian economy and society.

For conservatives the only way of organizing society is through the private accumulation of wealth. As the experience of actual socialism has been far from conclusive, progressive policies have tended to accept that the private accumulation of wealth is the basic determinant of the state of the economy.

The economic policies developed by Keynes, adopted by western governments after World War II, were designed to provide a counter force to the depressions in economic activity when the private accumulation and investment process broke down. The problems facing Australia today are now far more severe and complex. The deregulation of financial markets and the floating of the dollar have coincided with a fall in the price of Australia's exports. This has made Australia's economic position vulnerable and our future uncertain.

Speculation has driven the dollar down, but the expected improvement in the balance of payments from cheaper exports and dearer imports has not yet occurred. Investment in machinery and equipment has grown at a much slower rate (an average of 2%pa in the last 15 years compared to 6%pa in the 1960s) and Australia does not have the physical capacity to produce goods as an alternative to imports. Generally, Australian manufacturing industry lacks

a. a history of research and development innovation

b. a culture of change

c. ideas and management skills.

In this bleak economic scenario, what do co-operatives have to offer? Co-operatives offer the potential to develop a business sector predicated on different assumptions, values and behavior that challenge the private accumulation of wealth.

Overseas experience indicates how this potential is being realized. In Italy and the Basque provinces of Spain co-

operatives have continued to demonstrate the relevance of co-operation to the international economic crisis. Co-operatives have retained their commitment to employment and economic growth. The co-operative movements in these countries have not followed the degenerative process that has characterized the traditional co-operatives in Britain, the USA and Australia:

- An increasing emphasis on production and trading and a de-emphasis on education and democracy
- Reinforcing the control of experienced and qualified managers and directors and preventing their accountability to members who remain inexperienced and unqualified.
- Collapsing the structural and practical differences between co-operative and private enterprise.

But the arguments for co-operatives must be based on what is possible in Australia and not what has been achieved overseas. The MACC Report makes it quite clear there is a long way to go before Victoria's co-operative movement parallels that in Spain, France and Italy. While its views are unsubstantiated, the MACC Report does argue that it is possible to develop this potential in Victoria.

NSW and Victoria have small worker co-operative sectors which combine innovation and business skills with a practice of democratic management and respect for workers' rights. They are a powerful counter to the prevailing view that entrepreneurialism requires a denial of those rights. These co-operatives are demonstrating that the co-operative structure is an ideal organizational form for encouraging the open, flexible and democratic environment which fosters creativity. These co-operatives are extending democracy into the workplace and contributing to the revitalization of democratic ideals and practices. Worker co-operatives are viable alternatives to factory or business closure, unemployment and self-employment.

Co-operative financing institutions in Italy, France and Spain are generating funds for investment in co-operatives. This potential remains to be developed in Australia. The MACC Report identified its crucial significance. Without co-operative specific financing institutions, the potential for developing co-operatives will not be realized in Victoria.

Co-operatives also provide the possibility for the development of more constructive international economic transactions. There is a potential for developing trading links with the co-operative movements in Italy and Spain. The co-operative movements in both countries export goods and services overseas, participate in joint ventures with overseas companies and governments and have established overseas branch offices.

The real potential of co-operatives is to

facilitate the development and direction of economic policies. Co-operatives are an alternative economic basis for organizing and reorganizing work and workplaces in the small business sector.



Co-operatives are a uniquely democratic form of business.

In advocating this potential for co-operatives, we also believe that

- co-operativization of large private enterprises is inappropriate and
- it is not tenable that public sector agencies and activities are co-operativized. Industrial democracy needs to be developed in the private and public sectors but co-operatives are only a part of this democratization process.

We are opposed to co-operative development being based on an implicit and/or explicit attack on trade unions and workplace conditions - offsetting the negative impacts of restructuring, reducing resistance to change, extending privatization and complementing economic policies which are predicated on the private accumulation of wealth. Co-operatives, then, have the potential to extend social justice principles and practices into the economy.

Whether co-operatives achieve their potential in Australia is problematic. What is certain is that justifying co-operative development on the basis of political ambiguity or sentimental appeal will deny co-operatives any chance to grasp that opportunity.

A strategy for a co-operative development that aims to democratize the economy must have the support of trade unions. This depends on a shared ideological and organizational compatibility between co-operatives and trade unions. This will necessitate the unionization of co-operatives and agreement that unions still have a role, albeit different, in co-operatives and that industrial harmony is not created and perpetuated in the co-operative form. There will continue to be conflicting interests. In Italy the different but real role of unions is accepted by the union and co-operative movements.

In Australia's current economic and industrial climate, it is difficult to expect unions to be interested in the development of co-operatives -

particularly when the traditional co-operative movement has distanced itself from the labor movement and the role of unions is being increasingly challenged and undermined. The development of co-operatives is hardly the panacea to such editorial demands as "either these men accept redeployment or redundancy... Times change, even unions must recognise that... There's now no point in cuddling up to union leaders, massaging egos and abandoning reality for the sake of industrial peace" (editorial: "Great work if you can get it", the Herald, 14 August 1986, p6).

In Summary, union support for co-operatives must be predicated on the potential of co-operatives to assist the union movement in addressing economic problems and ideological challenges to its role - how to increase and maintain employment; promote the democratization of work and development of better work practices; influence investment decisions and provide alternatives to small business and non-award sub-contracting.

There is little value in co-operative development by rhetoric and definition. Co-operative development cannot be justified by mere reference to success elsewhere - in Italy, the Basque provinces of Spain or France. These experiences have to be analysed to be learned and in the absence of this analysis we have more rhetoric - brief description and suggestive optimism.

Our willingness to learn and apply the lessons of co-operative development will determine whether co-operatives can work for Australia. Ideological commitment, strategic analysis and long-term organization are the only way that the rhetoric of co-operation will become a reality - ask those who work for co-operatives rather than talk up co-operation.

Joe Burke was formerly Ministerial Advisor to the Minister of Employment and Training, Jim Simmonds, 1982-85; and was involved on the MACC Committee.

David Griffiths worked in the co-operative development area for five years and was a member of the MACC Committee.

Further Reading:

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The Unequal Struggle? British Socialism and the Capitalist Enterprise



Integration Works; The Co-operative Way

Initiatives taken between the Italian co-operative movement and that of Australia have produced a variety of resources. One is a book on people in co-operative businesses who have disabilities. Oenone Serle presents the debate examined in *Lavoratori con Handicap in Aziende Co-operative* (Workers with Disabilities in Co-operative Businesses).

In the '70s in Italy there were a number of laws passed which shifted the political and social orientation towards people with disabilities. In 1977 social welfare was decentralized to local government and the integration of young people with disabilities in mainstream schools commenced.

In these years the old conceptions surrounding disability — "welfare assistance", "medicalization", "institutionalization" and "handouts" were attacked and replaced by a new vision which included the degree of disability of the initial organic deficit, the social response of the world around the individual and his/her own psychology.

On the basis of these precepts the process of social integration in schools of a whole generation of people bearing disabilities from preps upwards started. Since these laws were passed a generation has gone through compulsory schooling and the question of their continued integration arises.

In Italy, as in other parts of the world, access to the world of work is difficult for people with intellectual disabilities — even with laws which demand their employment. The state and private sectors must employ a minimum of 15% of workers with disabilities (sometimes including intellectual) if their workforce is

above 35. The law's definition of a disability is a reduction of at least one third in working capacity. Co-operative enterprises do not have to comply with these laws. It is accepted that the co-operatives are aware of the needs of workers with disabilities, are equally concerned with social and economic productivity and believe that the employment of workers with disabilities can be reconciled with the demands of productivity.

The study suggests that a comparative cost benefit analysis for society between integration in the workplace or welfare for life favors the first option.

The reality of acceptance is examined in *Lavoratori con Handicap in Aziende Co-operative* (Workers with Disabilities in Co-operative Businesses; a Study in the Province of Bologna) which was published in March 1986.

The book is jointly published by the Federcoop of Bologna, which is the provincial level body of La Lega delle Cooperative, (National League of Co-operatives) and Copaps — an agricultural co-operative formed by families of people who have disabilities and aims for their social integration in the world of work.

The study analyses the factors which

favor the integration of workers with disabilities into co-operatives. The issues studied included how the worker was taken on, tasks and performance, modifications in tasks and relationships over time, preparation of the work environment, relationship between preparation before placement and working capacity, support figures at work and strategies used to assist integration.

The study is focussed on 27 people with disabilities who are working in seven co-operatives.

Table 1

Sectors and subsectors of enterprises in the study. Number of members, employees and employees with disabilities.

Sector	No. of Co-ops	No. of Workers	No. with Disabilities
Agric Production And Work Services	2	420	7
Consumer	2	2,128	8
	2	1,514	12
	1	1,128	1

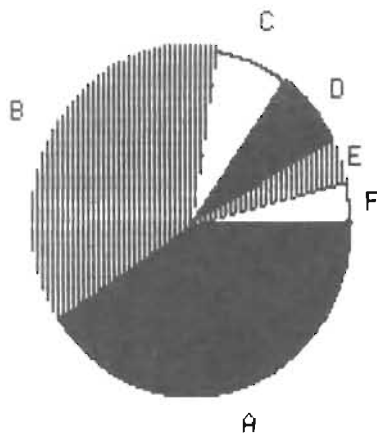
The researchers interviewed people from management and from the peer group of the worker — head workers or co-workers. Depending on the co-operative's organization, it was the person in charge of members or the personnel manager who had the knowledge. Often there were different perceptions, based on the different roles in relation to the worker with a disability.

The authors define disability as a "social disadvantage that the individual has with respect to a group to which s/he belongs".

Management tended to offer definitions like "slowness", "mental handicap", or "intellectual handicap", while co-workers did not have a precise diagnosis, but rather responded to objective manifestations.

The disabilities of the workers were classified as follows.

Intellectual (A)	41%
Mental retardation (B)	37%
Epileptic (C)	7%
Physical/intellectual (D)	7%
Down's syndrome (E)	4%
Partially deaf (F)	4%



Over 50% of the workers are between the ages of 15 and 24. This may be because there is more readiness to employ younger people. In 74% of cases the employment had been in the last 10 years. Twenty-one of the workers were men, and six were women.

The debate about productivity received a lot of coverage. From my knowledge of the Italian law, and given the evidence presented, it seems reasonable to assume that workers with disabilities are paid equally for a job to workers without disabilities. The debate must be seen in this context. A summary graphic displays the estimates on their yield.

No	Estimate	%	
9	Normal	33	A
4	Slightly inferior to Norm	15	B
3	Inferior to Norm	11	C
3	Insufficient	11	D
5	Very little	19	F
3	Nearly nothing	11	F
27		100	

With the exception of one clerical job, 26 jobs were the most simple and the least qualified in the co-operatives. Eleven of the 25 workers worked autonomously, 11 were partially autonomous with others and three were non-autonomous.

A high degree of autonomy is recommended. "In these cases the person has become capable of autonomously doing all phases of their job and so takes responsibility for it. This responsibility represents an important element because it puts the performance of the worker with a disability on the same level as the performance of other workers".

The building industry provides many jobs which are in support of others. Laboring is a job often taken by the worker with a disability. It is interesting that if the ultimate responsibility for the work is with the skilled worker, then these cases evidence a notable acquisition of competencies on the part of the worker.

It is necessary to clarify the productivity level expected of the workers who have disabilities and any loss in productivity should be compensated for not only by colleagues but also by means of operational changes in the work pattern of the whole co-operative. The authors argue for an "elastic parameter of productivity" that doesn't start from a comparison with "a good average worker", but from real possibilities for individuals.

"The problem is not to presume that they will work as others. You can't start by thinking they'll work at 100%. You must consider their difficulties and look for a suitable place for them. The question of productivity is a political one and should be faced when the business takes on a worker with a disability, but also in more general terms of the disabled in society". This approach is consistent with a dynamic concept of integration as a reciprocal modification of the subject and the environment.

It is also necessary to soothe the other workers and make them understand how they should behave in certain situations. The more discussion in the work environment prior to the placement the better.

"Lack of courage to be imaginative in the placement of the worker on the part of employers and co-workers can

intensify the perception of diversity as negativity, not only in the minds of managers and colleagues but also in the person with the disability which leads to a reinforcement of infantile and dependent behavior".

The attitude of those in the workplace is critical. Best results occur in places where hopes and expectations about the worker with disabilities are positive. He or she can change in the workplace. An effort will be made to understand the person and help him or her achieve their potential. When the aim is for the accomplishment of diverse and comprehensive competencies, rather than simply repetitive tasks, the production increases as does the quality of integration. Integration is likely to be worse when people consider the worker as an "extra worker", "someone they are carrying" or "non-productive", or who unrealistically want abilities analogous with those of other workers.

Key points in favoring integration were identified as: the possibility to change the workplace to allow the opportunity for intelligible work; welcoming and allowing the worker to develop a sense of identity in the workplace; an evaluation of productivity not just against some optimal level, but as a way of evolving an awareness of real potential. Workers with disabilities require first of all a global understanding of their work, its use and its ends. Fragmentary processes are as unsatisfactory for these as for any other workers.

Strategies like pairing the worker with the supervisor or a co-worker created better work and a better atmosphere. Often, changing the tasks lead to discoveries of unsuspected abilities.

In some cases various jobs were tried before assignment. "Liliana works in a supermarket where all the staff take turns at all the jobs. Initially she also took turns at all jobs. Thus the most congenial jobs for her were identified and now she works in the fruit and vegie and packaging section".

The organization of co-operatives is a significant factor in the good integration of all workers. Co-operatives allow for small autonomous work units as well as social life outside work, in meetings, sporting and cultural events. Educative relationships can be formed between more experienced, older workers and younger ones. Co-operative businesses allow for social inclusion of workers with disabilities outside of workhours. But these results are only achievable in co-operatives where the "disability problem" had been accepted, if not resolved.

Workplace integration, then, is to be based on a recognition of individual differences and the potential of workers with disabilities. It is concluded that the co-operative structure, and ability to accommodate individual differences and potential is, therefore, a significant factor in integration.

Co-operation Or Valium?

Ronald Labonte and his co-workers at the Toronto Public Health Department believe that prevention is better than cure. But, in maintaining that good health is a product of better economic organization, they have given the old cliché a whole new meaning.

Labonte is a community health educator from Toronto. He visited Australia in June, sponsored by the Health Promotion Unit of the Health Department of Victoria and Lincoln Institute of Health Sciences. The *Co-operator* managed to grab him for half an hour in between seminars and packing to chat about co-operative theory and its implementation.

The relationship between social structures and health has been a central debate of Canadian health workers for 14 years. Labonte says "Public Health literature establishes that those who have control, support systems, meaningful work, and meaningful social interaction at work are healthier people. Here enters the co-op model. Co-operative forms of economic development give greater control, meet community needs and provide viable, safe workplaces", he says.

Doctors in Toronto are encouraged to refer the unemployed to self-help and advocacy groups. Consideration was given to how to tackle this issue. "The problem revolves around the lack of meaningful work; it is not unemployment", Labonte explained.

"There is no public health gain to be made by putting people in jobs that are underpaid, so people are poor and get sick, nor in jobs where they have no control, which run at high technology, machine pace, which cause stress so that people get sick, nor in jobs where toxic substances are present and people get sick, nor in jobs which pollute the environment, so that everyone gets sick".

A new model was needed.

The new model for healthy economic development is community economic development or community development corporations, especially with co-operative organization.

The idea is to employ people in co-ops which meet the specific need of various communities in Toronto, such as people in a geographical region, a neighborhood, or who are joined by an affinity of needs on certain issues, such as single supporting mums or teenagers in highrise flats.

Many enterprises are at the feasibility stage; one is ready to go. One example is given:

"In one area there were a number of senior citizens at home who lacked the ability or the resources to maintain their houses, and consequently had a lot of falls. There were also many unemployed

construction workers. So we're doing a feasibility study involving the department, the construction workers' union and the seniors about employing them to accident-proof these houses at a cost that is affordable. Labonte argues that it would be best run by the union because it "would overcome the historical factions between community enterprises and the union movement".



The strategy is basically to cut out the market place. The state acts as an assistant in linking the direct needs of the community with skills and services of the community. A "greater sense of control comes from the industry being rooted to a specific sense of community", Labonte says. The critical factor is control, and it is this that co-operatives can provide. Members have more internal control of their workplace than workers in either private or state sectors. "Economic forms are such not because they are efficient at producing goods, but because they are good at controlling people".

Labonte says that co-operatives have proved their efficiency a number of times - the GLC and Mondragon for example. The New Dawn Co-operative in Nova Scotia, working in the portable housing market, has also achieved unexpected success. "In 1976 they got a Health Department grant for \$30,000. In ten years they have turned this into \$12 million. Now there's an internal debate over whether they are too big".

The viability of co-operatives is connected with the elimination of the middle-people, and of excessive profit-taking between the points of production and consumption.

In the sectors that meet social needs - food, shelter, clothing - co-ops are successful because they can meet the needs in a way that the monopolistic market place or the welfare state cannot do. Labonte does support the welfare state, but criticizes the way it turns

people into public property, taking away control and autonomy.

The social objectives of co-operatives make it easier for people to support them. It is known that surplus goes back to the community, and that there is community accountability. "It came up in a New Dawn meeting that there were no good dental services in the area so the surplus hanging around was used to set up dental clinics".

Labonte doesn't deny the problems with co-operatives. "They are not the road to Nirvana". He cites co-ops studied by the University of Tacoma, Washington, the plywood mills on the west coast, which came up with a worse health and safety record and internal economy than private plywood mills. After 40 or 50 years these "co-ops" had changed into capitalist-oriented businesses. The co-op owners employed three quarters of the staff and were fiercely anti-union.

However, involving the union movement is not a problem in Toronto. The metropolitan Labor Council supports community economic development and now some unions represent co-op work places. "More co-ops are unionizing. People who advocate co-operation are recognising that the ideals are the same as those of the trade union movement, but that the strategies are different".

An example is the workers of the Big Carrot health food co-operative, which was formed by workers suffering bad conditions in a private food store. It has grown from a workforce of seven to 18, and is unionizing as they see that "even a worker co-op needs some codified way of dealing with work grievances".

Referring to the demise of the state government's support of worker co-ops here, Labonte conjectured that it was because co-ops are not seen as "hard ball economic strategies".

Labonte quotes an Englishman, Guy Dauncey, who argues that it is countries like the Scandinavian ones, Canada and Australia where co-ops have the potential to flourish. "Unlike England, Italy, or the USA, which are locked in the monopoly capital model, and are dinosaurish in terms of their economic strategies, these other developing countries may be able to cope with new models. They do not have the capital base to enter into big monopoly capitalism, and they may have the ideological commitment and the political support for co-operation".

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•David Griffiths,
21 June 1986



That's All Folks

The Minister for Employment and Industrial Affairs, Mr Crabb, later confirmed funding a separate magazine published by the Gay Publications Co-operative.

Mr Crabb said funds had been made available through an employment and training program under an arrangement begun under the former Liberal Government.

However, the funding was not connected with OutRage, he said.

The money had been given to support publication of a separate magazine called the Co-operator.

The Government has not given any money to fund a magazine about deviant sexual practices," he said.

The Government had no evidence to suggest money granted to put out the Co-operator had been used to publish OutRage even though the same group was responsible, he said.

Mr Crabb said the State Government had ceased funding Co-Operator last year.

"We decided they had received enough support," Mr Crabb said.

Mr Crabb confirmed payment to the co-operative of \$70,762 in 1981-82. Allocation, consisting of a grant of \$59,402 and a \$11,360 eight-year loan, had been put in train by the former Liberal Government and was approved by the Labor Government the following year.

A subsequent grant of \$42,610 and a follow-up loan of \$23,050 had been made in 1984.